

Town of Gramercy

2014 Financial Statements

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Reports</u>	
Independent Auditors' Report	1 - 2
<u>Required Supplemental Information</u>	
Managements Discussion and Analysis	3 - 9
<u>Basic Financial Statements</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS):	
Statement of Net Position	10
Statement of Activities	11
FUND FINANCIAL STATEMENTS (FFS):	
Balance Sheet – Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund Types	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18 – 19
<u>Notes to Financial Statements</u>	20 – 34
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule – General Fund	35
Budgetary Comparison Schedule – Schedule of Other Revenue – General Fund	36
Budgetary Comparison Schedule – Schedule of Expenditures – General Fund	37 - 38

TABLE OF CONTENTS

Other Supplementary Information

Schedule of Principal Officials and Salaries	39
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40 – 41
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by with OMB Circular A-133	42 – 43
Schedule of Expenditures of Federal Awards – For the year ended June 30, 2014	44
Schedule of Findings and Questioned Costs	45-46
Summary Schedule of Prior Year Audit Findings and Questioned Costs	47

Performance and Statistical Data

Insurance-in-force	48
Public Utility System Operations	49 - 50

<u>Corrective Action Plan</u>	51
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Gramercy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Gramercy, Louisiana, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

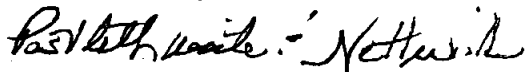
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gramercy, Louisiana's basic financial statements. The performance and statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Principal Officials and Salaries is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Insurance-in-Force and Public Utility System Operations schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2014 on our consideration of the Town of Gramercy, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Gramercy, Louisiana's internal control over financial reporting and compliance.



Donaldsonville, Louisiana
October 24, 2014

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

This section of the Town's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on June 30, 2014.

FINANCIAL HIGHLIGHTS

- The Town's combined total net position increased by \$481,296 over the course of this year's operations. Net position in governmental activities increased by \$158,632 (or 3.4%) and increased \$322,664 (or 5.7%) in the net position in business-type activities.
- During the year, the Town's governmental activities expenses were \$158,632 less than the \$1.83 million generated in charges for services, taxes, and other revenue. In the Town's business-type activities expenses were \$322,664 less than the approximately \$1.4 million generated in revenues.
- The general fund reported a \$3,421,709 fund balance for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the Town's financial statements, including the portion of the Town's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	
Scope	Entire Town government (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water and sewer system	
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expense, and changes in net position • Statement of cash flows 	
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position - the difference between the Town's assets and liabilities - is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees, and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water and sewer system are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

The Town has two kinds of funds:

- **Governmental funds**-Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**-Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net position. The Town's combined net position increased between fiscal years 2013 and 2014 to approximately \$10.8 million. (See Table A-1.)

Table A-1
Town's Net Position

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Current and other assets	\$ 3,551,380	\$ 3,332,090	\$ 1,261,548	\$ 1,335,352
Capital assets	1,389,375	1,467,586	5,572,679	4,894,242
Total assets	4,940,755	4,799,676	6,834,227	6,229,594
Current liabilities	129,671	148,055	242,476	208,441
Long term Liabilities	25,506	24,678	571,347	323,413
Total liabilities	155,177	172,733	813,823	531,854
Net position				
Invested in capital assets, net of related debt	1,389,375	1,467,586	5,130,714	4,665,798
Reserved for debt service	-	-	-	-
Unrestricted (deficit)	3,396,203	3,159,357	889,690	1,031,942
Total net position	\$ 4,785,578	\$ 4,626,943	\$ 6,020,404	\$ 5,697,740

Net position of the Town's governmental activities increased 3.4 percent to approximately \$4.8 million. Net position of the Town's business-type activities increased approximately 5.7 percent to \$6.0 million.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

Changes in net position. The Town's total revenues increased by approximately \$22,215 to \$3.28 million (See Table A-2.) Approximately 37.2 percent of the Town's revenue comes from charges for services, and 23.9 percent comes from tax collections.

The total cost of all program revenues for governmental activities increased \$4,792 or 1.5 percent. The Town's expenses cover all services performed by its office.

Governmental Activities

Revenues for the Town's governmental activities decreased by \$21,631 or 1.2 percent, while total expenses increased \$28,433 or 1.7 percent.

Table A-2
Changes in Town's Net Position

	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
Revenues				
Program revenues				
Charges for services	\$ 329,666	\$ 289,077	\$ 891,158	\$ 838,547
Capital grants	3,525	39,322	489,956	423,077
General revenues				
Taxes	719,427	776,318	66,175	113,136
Licenses and permits	182,507	195,229	-	-
Federal grants	-	-	-	-
State grants	-	-	-	-
Intergovernmental	324,622	376,005	-	-
Miscellaneous	273,872	179,299	3,240	32,470
Interest	-	-	1,237	690
Total revenues	1,833,619	1,855,250	1,451,766	1,407,920
Expenses				
General government	460,471	461,994	1,078,312	1,056,507
Public safety	536,190	555,214	-	-
Streets	502,625	467,245	-	-
Fire	3,868	3,706	-	-
Sanitation	222,623	209,185	-	-
Interest	-	-	-	-
Total expenses	1,725,777	1,697,344	1,078,312	1,056,507
Other Financing Resources (Uses)				
Transfers in	216,818	210,699	166,028	297,207
Transfers out	(166,028)	(229,481)	(216,818)	(278,425)
Total Other Financing Resources (Uses)	50,790	(18,782)	(50,790)	18,782
Increase (decrease) in net position	\$ 158,632	\$ 139,124	\$ 322,664	\$ 370,195

Business-type Activities

Revenues increased by 3.1 percent to \$1,451,766 before transfers and expenses of the Town's business-type activities increased 2.1 percent to \$1,078,312.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of approximately \$3.42 million, an increase of 7.5 percent from last year.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget. These budget amendments were resulted from:

- Garbage fee revenues were decreased by \$15,000. Video poker revenue decreased by \$25,000.
- General government and street expenditures were adjusted to reflect a decrease in budgeted expenditures due to a decrease in expected projects originally budgeted in capital outlay.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of the 2014 fiscal year, the Town had invested approximately \$7 million in a broad range of capital assets, including police equipment, buildings, vehicles, and water and sewer systems. (See Table A-3) This amount represents a net increase (including additions and deductions) of \$600,223 or 9.4 percent, over last year.

Table A-3
Town's Capital Assets
(net of depreciation)

	Governmental Activities		Business Activities	
	2014	2013	2014	2013
Land	\$ 87,520	\$ 87,520	\$ 76,825	\$ 76,825
Plant & Equipment	-	-	4,155,937	4,366,389
Buildings	6,903	15,272	-	-
Other Improvements	1,049,997	1,130,824	-	-
Equipment	244,955	233,973	-	-
Construction in progress	-	-	1,339,917	451,028
Total	\$ 1,389,375	\$ 1,467,589	\$ 5,572,679	\$ 4,894,242

This year's major capital asset addition included:

- Continued work on the sewer rehabilitation project adding an additional \$140,000 to construction in progress.
- The beginning stages of the water treatment plant building project totaling approximately \$750,000.

TOWN OF GRAMERCY
MANAGEMENTS DISCUSSION AND ANALYSIS
June 30, 2014

Outstanding debt. At the end of the current fiscal year, the Town had bonded debt outstanding of \$648,691 as compared to \$416,000 in the prior year, an increase of approximately \$230,000 or 56 percent. (See Table A-4). More information about the Town's long-term liabilities is presented in Note 3 to the financial statements.

Table A-4
Town's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sewer Improvement Bonds	\$ -	\$ -	\$ 319,000	\$ 385,000
Certificates of Indebtedness	-	-	-	58,000
Water Improvement Bonds			329,691	-
Total	\$ -	\$ -	\$ 648,691	\$ 416,000

NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED

The Town implemented Governmental Accounting Standards Board (GASB) Statement 65, Items Previously Reported as Assets and Liabilities in fiscal year 2014. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund are comprised from sales tax, garbage fees, and video poker by 34%, 12% and 17% respectively. The economy is not expected to generate any significant growth. All expenditures are expected to be consistent with the current years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Lydia Louque, Town Clerk, PO Drawer 340, Gramercy, LA 70052.

TOWN OF GRAMERCY
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,467,583	\$ 450,013	\$ 2,917,596
Certificates of deposit	755,000	458,813	1,213,813
Other accounts receivable (net)	145,260	144,396	289,656
Notes receivable (net)	-	1,600	1,600
Due from other governmental agencies	99,440	-	99,440
Prepaid insurance	84,097	-	84,097
Other assets	-	-	-
Restricted assets - cash	-	206,726	206,726
	<u>3,551,380</u>	<u>1,261,548</u>	<u>4,812,928</u>
Capital assets:			
Land	87,520	76,825	164,345
Other capital assets, net of depreciation	1,301,855	5,495,854	6,797,709
Total capital assets	<u>1,389,375</u>	<u>5,572,679</u>	<u>6,962,054</u>
TOTAL ASSETS	<u>\$ 4,940,755</u>	<u>\$ 6,834,227</u>	<u>\$ 11,774,982</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 88,429	\$ 68,446	\$ 156,875
Customer service meter deposits	-	76,033	76,033
Payroll taxes payable	23,238	-	23,238
Due to employees' retirement systems	18,004	-	18,004
Accrued interest payable	-	2,819	2,819
Accrued salaries payable	-	13,178	13,178
Payable from restricted assets:			
Bonds payable due within one year	-	82,000	82,000
Long-term liabilities:			
Due in more than one year	-	566,691	566,691
Compensated absences	25,506	4,656	30,162
TOTAL LIABILITIES	<u>155,177</u>	<u>813,823</u>	<u>969,000</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,389,375	5,130,714	6,520,089
Unrestricted	3,396,203	889,690	4,285,893
TOTAL NET POSITION	<u>\$ 4,785,578</u>	<u>\$ 6,020,404</u>	<u>\$ 10,805,982</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues Fees, Fines, and Charges for Services	Capital Grants	Net (Expense) Revenue and Changes in Net Assets		Total
				Governmental Activities	Business-Type Activities	
ACTIVITIES						
Governmental:						
General government	\$ 460,471	\$ -	\$ -	\$ (460,471)		\$ (460,471)
Streets	502,625	-	3,525	(499,100)		(499,100)
Public safety	536,190	53,864	-	(482,326)		(482,326)
Sanitation	222,623	275,802	-	53,179		53,179
Fire	3,868	-	-	(3,868)		(3,868)
Total governmental activities	1,725,777	329,666	3,525	(1,392,586)		(1,392,586)
Business-type:						
Enterprise	1,078,312	891,158	489,956		302,802	302,802
Total business-type activities	1,078,312	891,158	489,956		302,802	302,802
Total Town of Gramercy	\$ 2,804,089	\$ 1,220,824	\$ 493,481	\$ (1,392,586)	\$ 302,802	\$ (1,089,784)
General Revenues:						
Taxes				719,427	66,175	785,602
Licenses and permits				182,507	-	182,507
Intergovernmental				324,622	-	324,622
Miscellaneous				273,872	3,240	277,112
Interest				-	1,237	1,237
Transfers				50,790	(50,790)	-
Total general revenues and transfers				1,551,218	19,862	1,571,080
Change in net position				158,632	322,664	481,296
Net position - July 1, 2013				4,626,946	5,697,740	10,324,686
Net position - June 30, 2014				\$ 4,785,578	\$ 6,020,404	\$ 10,805,982

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	<u>General Fund</u>
ASSETS	
Cash	\$ 2,467,583
Certificates of deposit	755,000
Other accounts receivable (net)	145,260
Due from other governmental agencies	99,440
Prepaid insurance	<u>84,097</u>
TOTAL ASSETS	<u><u>\$ 3,551,380</u></u>
 CURRENT LIABILITIES	
Accounts payable	\$ 88,429
Payroll taxes payable	23,238
Due to employees' retirement systems	<u>18,004</u>
TOTAL CURRENT LIABILITIES	<u>129,671</u>
 FUND BALANCES	
Unassigned	<u>3,421,709</u>
TOTAL FUND BALANCES	<u>3,421,709</u>
 Total liabilities and fund balances	<u><u>\$ 3,551,380</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances - Governmental Funds \$ 3,421,709

Cost of capital assets at June 30, 2014 3,531,649

Less: accumulated depreciation as of June 30, 2014 (2,142,274) 1,389,375

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Compensated Absences (25,506)

Total net position at June 30, 2014 - Governmental Activities \$ 4,785,578

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2014

	General Fund
<u>REVENUES</u>	
Ad valorem taxes	\$ 101,436
Sales taxes	617,991
Garbage fees	222,625
Dumpster fees	6,765
Mosquito Control	46,412
Licenses and permits	182,507
Intergovernmental revenue:	
Federal grants	3,525
State funds:	
Beer	6,559
Video poker	318,063
Fines and forfeitures	53,864
Other revenue	273,872
Total revenues	<u>1,833,619</u>
<u>EXPENDITURES</u>	
Current operating expenditures:	
General government	454,458
Streets	435,683
Public safety	530,103
Sanitation	222,623
Fire department	3,868
Total expenditures	<u>1,646,735</u>
<u>EXCESS OF REVENUES OVER</u>	
<u>EXPENDITURES</u>	186,884
<u>OTHER FINANCING SOURCES (USES)</u>	
Transfers In	216,818
Transfers Out	<u>(166,028)</u>
Total other financing sources (uses)	<u>50,790</u>
Net change in fund balance	237,674
<u>FUND BALANCE</u>	
Beginning of year	3,184,035
End of year	<u><u>\$ 3,421,709</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2014

Net change in fund balances - Governmental funds	\$ 237,674
The change in net position reported for governmental activities in the statement of activities is different because:	
Add: Capital outlay which is considered expenditures	159,028
Less: Depreciation expense for year ended June 30, 2014	(237,242)
Excess of compensated absences used over compensated absences earned	<u>(828)</u>
Change in net position of governmental activities	<u><u>\$ 158,632</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>ASSETS</u>			
Cash	\$ 85,027	\$ 364,986	\$ 450,013
Certificates of deposit	243,813	215,000	458,813
Accounts receivable (net)	109,430	34,966	144,396
Notes receivable (net)	-	1,600	1,600
Restricted assets - Cash	137,297	69,429	206,726
Capital assets:			
Land	76,825	-	76,825
Other capital assets, net of depreciation	3,972,640	1,523,214	5,495,854
Total capital assets	4,049,465	1,523,214	5,572,679
TOTAL ASSETS	\$ 4,625,032	\$ 2,209,195	\$ 6,834,227
<u>LIABILITIES</u>			
Accounts payable	\$ 47,524	\$ 20,922	\$ 68,446
Customer service meter deposits	76,033	-	76,033
Payable from restricted assets:			
Bonds payable due within one year	40,000	42,000	82,000
Accrued interest payable	1,533	1,286	2,819
Accrued salaries payable	10,406	2,772	13,178
Long-term Liabilities:			
Due in more than one year	289,691	277,000	566,691
Compensated absences	4,656	-	4,656
TOTAL LIABILITIES	469,843	343,980	813,823
<u>NET POSITION</u>			
Net investment in capital assets	3,857,071	1,273,643	5,130,714
Unrestricted	298,118	591,572	889,690
TOTAL NET POSITION	\$ 4,155,189	\$ 1,865,215	\$ 6,020,404

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
OPERATING REVENUES			
Sales	557,323	331,785	889,108
Tap fees	1,000	1,050	2,050
Miscellaneous revenues	3,240	-	3,240
Total operating revenues	561,563	332,835	894,398
OPERATING EXPENSES			
Salaries	342,267	118,795	461,062
Office expenses	6,865	9	6,874
Miscellaneous expenses	1,193	5,686	6,879
Insurance	42,674	8,591	51,265
Supplies and maintenance	21,489	7,883	29,372
Vehicle expenses	3,993	3,349	7,342
Uniforms	3,389	-	3,389
Professional fees	43,546	7,375	50,921
Retirement	51,841	19,134	70,975
Electricity	25,349	65,790	91,139
Payroll taxes	680	237	917
Laboratory expenses	7,630	7,810	15,440
Chemicals	25,030	5,679	30,709
Depreciation	162,022	81,843	243,865
Total operating expenses	737,968	332,181	1,070,149
OPERATING INCOME (LOSS)	(176,405)	654	(175,751)
NONOPERATING REVENUE (EXPENSES)			
Federal grants	367,418	122,538	489,956
Ad valorem taxes	20,659	45,516	66,175
Interest revenues	115	1,122	1,237
Interest expense	(2,630)	(5,533)	(8,163)
Total nonoperating revenue (expenses)	385,562	163,643	549,205
Income before transfers and contribution	209,157	164,297	373,454
OTHER FINANCING SOURCES (USES)			
Transfers In	46,028	120,000	166,028
Transfers Out	(44,988)	(171,830)	(216,818)
Total other financing sources (uses)	1,040	(51,830)	(50,790)
CHANGE IN NET POSITION	210,197	112,467	322,664
Total net position- beginning	3,944,992	1,752,748	5,697,740
Total net position- ending	\$ 4,155,189	\$ 1,865,215	\$ 6,020,404

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	Public Utility Revenue Fund	Sewer Operating Fund	Total Enterprise
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from customers	\$ 557,407	\$ 332,799	\$ 890,206
Cash payments to suppliers for goods and services	(146,818)	(98,378)	(245,196)
Cash payments to employees for services	(394,788)	(138,166)	(532,954)
Net cash provided by operating activities	15,801	96,255	112,056
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>			
<u>ACTIVITIES:</u>			
Transfers from other funds	1,040	(51,830)	(50,790)
Net cash provided (used) by noncapital financing	1,040	(51,830)	(50,790)
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>			
<u>FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(771,965)	(150,337)	(922,302)
Principal paid on debt	(58,000)	(39,000)	(97,000)
Proceeds from revolving loan	329,691	-	329,691
Subsidy from grants	367,418	122,538	489,956
Decrease in notes receivable	-	1,800	1,800
Interest paid on indebtedness	(2,630)	(5,533)	(8,163)
Receipt of ad valorem taxes	20,659	45,516	66,175
Net cash used by capital and related financing activities	(114,827)	(25,016)	(139,843)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest earned on investments	115	1,122	1,237
Net cash provided by investing activities	115	1,122	1,237
Net increase (decrease) in cash and cash equivalents	(97,871)	20,531	(77,340)
Cash and cash equivalents - beginning of year	564,008	628,884	1,192,892
Cash and cash equivalents - end of year	<u>\$ 466,137</u>	<u>\$ 649,415</u>	<u>\$ 1,115,552</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014

	<u>Public Utility Revenue Fund</u>	<u>Sewer Operating Fund</u>	<u>Total Enterprise</u>
<u>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Income (loss) from operations	\$ (176,405)	\$ 654	\$ (175,751)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:			
Depreciation	162,022	81,843	243,865
Net change in assets and liabilities:			
Accounts receivable	(5,300)	(36)	(5,336)
Accounts payable	31,136	13,315	44,451
Other liabilities	3,204	479	3,683
Customer service meter deposits	1,144	-	1,144
Total adjustments	<u>192,206</u>	<u>95,601</u>	<u>287,807</u>
Net cash provided by operating activities	<u>\$ 15,801</u>	<u>\$ 96,255</u>	<u>\$ 112,056</u>
Cash Consists of :			
Cash	\$ 85,027	\$ 364,986	\$ 450,013
Certificates of Deposit	243,813	215,000	458,813
Restricted assets - Cash	137,297	69,429	206,726
	<u>\$ 466,137</u>	<u>\$ 649,415</u>	<u>\$ 1,115,552</u>

The accompanying notes are an integral part of this statement.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Town of Gramercy, Louisiana was incorporated on November 27, 1947, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, public improvements, and general administrative services.

The Town's basic financial statements consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental unites and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

Financial Reporting Entity

Governmental Accounting Standards Board (GASB) Section 2100, *Defining the Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement No. 61, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 61 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

The following is a summary of certain significant accounting policies and practices:

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Town of Gramercy. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

GASB Statement No. 65, *Items previously Reported as Assets and Liabilities*, effective for financial statement periods ending after December 15, 2013, established accounting and reporting standards that reclassified certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. GASB Statement 65 does not have an impact on the Town of Gramercy's financial statements at this time, as it does not contain items that need to be reclassified as defined in this statement.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following two major enterprise funds:

Public Utility Fund and Sewer Fund- These funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for the general, debt service, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America (GAAP).
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.

The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted, or as amended by the Board. Amended budgeted revenue and expenditures increased (decreased) from original budgeted amounts for the general fund for the year ended June 30, 2014, by approximately \$(38,225) and \$(86,700) respectively.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash and Investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Other Improvements	20-40
Vehicles	5-15
Equipment	3-15

The proprietary fund type operations are accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

Depreciation of all exhaustible fixed assets used by the proprietary funds is charged as an expense against their operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	40	years
Waterworks system	40	years
Office equipment	5-10	years
Automotive equipment	3-5	years

All fixed assets are stated at historical cost.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for uncollectible accounts at the time information becomes available which indicates the uncollectibility of the particular receivable.

Accumulated Unpaid Vacation

Employees earn vacation leave on January 1st of each year at various rates depending upon the length of their employment. Employees must use their vacation leave in the year earned. The liability for compensated absences reported in the governmental-wide statements consists of unpaid, accumulated annual leave balances at June 30, 2014.

Operating Transfers In and Out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of Cash Flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Equity Classifications

Government-wide Statements: In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Equity Classifications (continued)

Fund Financial Statements: In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balance of the governmental fund is classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town, which is the highest level of decision-making authority.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Town reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town reduces committed amounts first, followed by assigned amounts, and finally unassigned amounts, as needed, unless the Town has provided otherwise in its committed or assignment actions.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2014, are as follows:

Governmental activities:

	<u>Land</u>	<u>Buildings</u>	<u>Other Improvements</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets June 30, 2013	\$ 87,520	\$ 285,736	\$ 2,152,580	\$ 846,785	\$ 3,372,621
Additions	-	-	67,215	91,813	159,028
Deletions	-	-	-	-	-
Cost of Capital Assets June 30, 2014	<u>87,520</u>	<u>285,736</u>	<u>2,219,795</u>	<u>938,598</u>	<u>3,531,649</u>
Accumulated depreciation June 30, 2013	-	270,464	1,021,756	612,812	1,905,032
Additions	-	8,369	148,042	80,831	237,242
Deletions	-	-	-	-	-
Accumulated depreciation June 30, 2014	<u>-</u>	<u>278,833</u>	<u>1,169,798</u>	<u>693,643</u>	<u>2,142,274</u>
Capital assets, net of accumulated depreciation at June 30, 2014	<u>\$ 87,520</u>	<u>\$ 6,903</u>	<u>\$ 1,049,997</u>	<u>\$ 244,955</u>	<u>\$ 1,389,375</u>

Depreciation expense of \$237,242 for the year ended June 30, 2014 was charged to the following governmental functions:

General government	\$ 23,237
Streets	177,454
Public safety	<u>36,551</u>
	<u>\$ 237,242</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Capital Assets (continued)

Business-Type activities:

	<u>Land</u>	<u>Plant & Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Cost of Capital Assets				
June 30, 2013	\$ 76,825	\$ 9,618,356	\$ 451,028	\$ 10,146,209
Additions	-	33,413	888,889	922,302
Deletions	-	-	-	-
Cost of Capital Assets				
June 30, 2014	<u>76,825</u>	<u>9,651,769</u>	<u>1,339,917</u>	<u>11,068,511</u>
Accumulated Depreciation				
June 30, 2013	-	5,251,967	-	5,251,967
Additions	-	243,865	-	243,865
Deletions	-	-	-	-
Accumulated Depreciation				
June 30, 2014	<u>-</u>	<u>5,495,832</u>	<u>-</u>	<u>5,495,832</u>
Capital assets, net of accumulated depreciation at				
June 30, 2014	<u>\$ 76,825</u>	<u>\$ 4,155,937</u>	<u>\$ 1,339,917</u>	<u>\$ 5,572,679</u>

For the year ended June 30, 2014, depreciation expense was \$ 243,865.

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Outstanding Debt

The following is a summary of long-term debt transactions which occurred during the year ended June 30, 2014:

Governmental Activities:

Compensated Absences

Governmental activities:

Balance at July 1, 2013	\$	24,678
Increases		5,681
Decreases		(4,853)
Balance at June 30, 2014	\$	<u>25,506</u>

Business-type activities:

Balance at July 1, 2013	\$	4,413
Increases		1,010
Decreases		(767)
Balance at June 30, 2014	\$	<u>4,656</u>

Bonds Payable

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/14</u>
Business-type activities:				
2013 Sewer Improvement bonds - general obligation refunding bonds	\$ 358,000	\$ -	\$ 39,000	\$ 319,000
2003 Certificate of Indebtedness – Capital One	58,000	-	58,000	-
2013 Water Improvement bonds – general obligation bonds	<u>-</u>	<u>329,691</u>	<u>-</u>	<u>329,691</u>
	<u>\$ 416,000</u>	<u>\$ 329,691</u>	<u>\$ 97,000</u>	<u>\$ 648,691</u>

TOWN OF GRAMERCY, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

3. Outstanding Debt (continued)

Bonds payable at June 30, 2014, were comprised of the following individual issues:

Business-type activities:

\$358,000 General Obligation Refunding Bond Series 2013;
due in various semi-annual installments, including interest
at 1.77%, through March 1, 2021; payable from ad
valorem taxes

\$ 319,000

\$1,500,000 General Obligation Bond Series 2013; due in
various semi-annual installments, including interest
at 2.95%, through March 1, 2033; payable from ad
valorem taxes

329,691

Total debt

\$ 648,691

The annual requirements to amortize all outstanding revenue bonds as of June 30, 2014, including interest payments of \$255,778 are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2015	\$ 123,878
2016	124,754
2017	127,560
2018	125,243
2019	123,910
2020-thereafter	<u>279,124</u>
	\$ <u>904,469</u>

As part of the various Bond agreements the Town has agreed to comply with certain covenants. The covenants consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements. The Town has classified restricted cash within its general ledger accounting system, and has maintained separate deposit accounts required by the covenants.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Ad Valorem Taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 1st of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. James Parish. During the year ended June 30, 2014, taxes of 5.99 mills were levied on property with assessed valuations totaling \$16,795,288 for general purposes. Additional taxes of 2.71 mills and 1.23 mills were levied on the same property for the purpose of accumulating enough funds to service the annual debt requirements as they become due for the \$358,000 sewer improvement bonds and the \$1.5 million water improvement bonds, respectively. Levied mills expire at the expiration of each debt requirement.

Ad valorem taxes levied during the year ended June 30, 2014, totaled approximately \$167,611.

5. Transfers to/from Other Funds

Interfund transfers at June 30, 2014, were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 216,818	\$ 166,028
Enterprise Funds:		
Public Utility Revenue Fund	46,028	44,988
Sewer Operating Fund	120,000	171,830
	<u>\$ 382,846</u>	<u>\$ 382,846</u>

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined Benefit Pension Plan

Substantially all employees of the Town of Gramercy are members of either the Municipal Employees' Retirement System of Louisiana or the Municipal Police Employees' Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, which has separate assets and benefit provisions. All employees of the Town of Gramercy are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with a least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the system, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 17 percent of annual covered payroll. Contributions to the System also include 0.25 percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System under Plan A during the years ending June 30, 2014, 2013, and 2012 were \$115,575, \$92,081, and \$86,278, respectively, equal to the required contributions for these years.

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined Benefit Pension Plan (continued)

b. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with a least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10 percent of their annual covered salary to the System, and the Town of Gramercy is required to make contributions at an actuarially determined rate. The rate currently being paid by the Town is 31 percent of annual covered payroll. The contribution requirements of plan members and the Town of Gramercy are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Gramercy's contributions to the System during the years ending June 30, 2014, 2013, and 2012 were \$39,769, \$61,439, and \$59,852, respectively, equal to the required contributions for these years.

7. Segments of Enterprise Activities

Water and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended June 30, 2014, for these services are as follows:

	<u>Water</u>	<u>Sewage</u>	<u>Total</u>
Operating revenues	\$ 561,563	\$ 332,835	\$ 894,398
Operating expenses	737,968	332,181	1,070,149
Depreciation	162,022	81,843	243,865
Income (loss) from operations	(176,405)	654	(175,751)
Net income (loss)	210,197	112,467	322,644
Acquisition of capital assets	771,964	150,338	922,302
Outstanding general obligation bonds and certificates of indebtedness	329,691	319,000	648,691

TOWN OF GRAMERCY, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Restricted Assets

Under the terms of the bond indentures for the water revenue refunding bonds and the sewer improvement bonds, certain revenues are dedicated to the retirement of said bonds, and are to be set aside into special accounts after provisions have been made for the payment of the reasonable and necessary expenses of operating and maintaining the utility systems.

The Town has been reclassifying a portion of its cash and investments as "restricted" on a monthly basis; however, the Town has not established all of the "restricted" accounts delineated in the bond indentures. All of the outstanding debt has been classified as current for the year ended June 30, 2014.

9. Due from Other Governmental Agencies

Amounts due from other governmental agencies at June 30, 2014, consisted of the following:

St. James Parish - sales taxes	\$ 92,025
St. James Parish - P&M sales taxes	<u>7,415</u>
	<u>\$ 99,440</u>

10. Cash and Investments

At June 30, 2014, the carrying amounts of the Town's deposits were as follows:

Petty cash	\$ 225
Demand deposit accounts	2,917,371
Certificates of deposit	1,213,813
Restricted cash	<u>206,726</u>
	<u>\$ 4,338,135</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by either federal deposit insurance or by the pledge of securities owned by a fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

11. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$4,335,947 of the government's bank balance was not exposed to custodial credit risk.

12. Subsequent Events

In preparing the financial statements, the Town of Gramercy has evaluated events and transactions for potential recognition or disclosure through October 24, 2014. The Town of Gramercy will be involved in several projects in the upcoming year. Projects include continued work on the water treatment plant operations building and begin to work on the water treatment system. The Town of Gramercy issued \$1,500,000 of General Obligation Bonds for the purpose of capital improvements and additions to the Town's Waterworks System. The aforementioned projects will continue to be funded by grants and/or the bond issuances noted above and have been accounted for in the June 30, 2015 budget.

REQUIRED SUPPLEMENTARY

INFORMATION

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Ad valorem taxes	\$ 100,000	\$ 100,000	\$ 101,436
Sales taxes	685,000	685,000	617,991
Garbage fees	230,000	215,000	222,625
Dumpster Fees	5,000	5,000	6,765
Mosquito Control	50,000	50,000	46,412
Licenses and permits	185,000	195,000	182,507
Intergovernmental revenues:			
Federal grants	-	-	3,525
State funds:			
Beer	6,000	6,000	6,559
Video poker	395,000	370,000	318,063
Fines and forfeitures	52,500	53,525	53,864
Other	275,150	265,900	273,872
Total revenues	<u>1,983,650</u>	<u>1,945,425</u>	<u>1,833,619</u>
<u>EXPENDITURES</u>			
Current operating expenditures:			
General government	428,500	434,450	454,458
Streets	553,000	459,000	435,683
Public safety	594,000	562,350	530,103
Sanitation	263,000	242,000	222,623
Fire department	12,500	3,500	3,868
Total expenditures	<u>1,851,000</u>	<u>1,701,300</u>	<u>1,646,735</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	132,650	244,125	186,884
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	216,818
Transfers out	-	-	(166,028)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>50,790</u>
Net change in fund balance	132,650	244,125	237,674
<u>FUND BALANCE</u>			
Beginning of year	<u>3,184,035</u>	<u>3,184,035</u>	<u>3,184,035</u>
End of year	<u>\$ 3,316,685</u>	<u>\$ 3,428,160</u>	<u>\$ 3,421,709</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>OTHER REVENUE</u>			
Utility franchise fees	\$ 98,500	\$ 99,500	\$ 98,057
Interest revenues	3,500	3,000	3,045
Collection fees	750	3,500	3,023
Motor Vehicle Transaction Fees	40,000	47,500	52,863
Rents and royalties	2,400	2,400	2,400
Miscellaneous	55,000	35,000	39,484
Roadway Improvements	75,000	75,000	75,000
Total other revenue	<u>\$ 275,150</u>	<u>\$ 265,900</u>	<u>\$ 273,872</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>GENERAL GOVERNMENT</u>			
Legal and litigation fees	\$ 1,000	\$ 11,000	\$ 11,600
Salaries	139,600	139,600	142,687
Professional fees	15,000	14,750	14,750
Electricity	8,500	8,500	10,139
Insurance	86,000	86,000	93,474
Supplies and maintenance	18,600	18,600	17,062
Miscellaneous	10,000	11,500	11,911
Retirement	12,500	12,500	18,255
SCPCD-Building Permits	5,000	8,000	15,473
Office expenses	40,000	45,000	47,461
Payroll taxes	2,000	4,000	5,413
Vehicle expenses	24,000	28,000	26,927
Capital outlay	45,000	25,000	18,052
Dues and subscriptions	12,000	15,000	14,129
Meetings and conventions	6,000	5,000	5,589
Planning commission	2,800	2,000	1,536
Bad debts	500	-	-
Total general government	<u>428,500</u>	<u>434,450</u>	<u>454,458</u>
<u>STREETS</u>			
Salaries	155,000	160,000	158,184
Miscellaneous	70,000	6,500	5,325
Retirement	25,000	25,000	26,345
Vehicle expenses	9,000	9,000	10,830
Uniforms	2,000	2,000	1,785
Insurance	30,000	30,000	35,047
Supplies and maintenance	18,000	15,500	18,353
Electricity	60,000	62,000	65,578
Capital outlay	180,000	145,000	108,074
Payroll taxes	4,000	4,000	6,162
Total streets	<u>553,000</u>	<u>459,000</u>	<u>435,683</u>

TOWN OF GRAMERCY, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>PUBLIC SAFETY</u>			
Police:			
Insurance	\$ 72,500	\$ 65,000	\$ 72,208
Uniforms	3,000	3,500	3,752
Retirement	65,000	50,000	39,769
Vehicle expenses	45,000	32,000	20,691
Salaries	330,000	320,000	292,697
Supplies and maintenance	30,000	35,000	47,458
Training expenses	500	500	-
Utilities	6,000	5,500	5,274
Payroll taxes	6,000	9,000	11,467
Capital outlay	30,000	35,000	30,517
Miscellaneous	2,500	3,500	3,195
Total police	<u>590,500</u>	<u>559,000</u>	<u>527,028</u>
Emergency Preparedness:			
Salaries	3,300	3,300	3,075
Operating expenses	200	50	-
Total emergency preparedness	<u>3,500</u>	<u>3,350</u>	<u>3,075</u>
Total public safety	<u>594,000</u>	<u>562,350</u>	<u>530,103</u>
<u>SANITATION</u>			
Solid waste disposal	210,000	215,000	201,357
Dumpster Expense	3,000	7,000	8,893
Mosquito Control	50,000	20,000	12,373
Total sanitation	<u>263,000</u>	<u>242,000</u>	<u>222,623</u>
<u>FIRE DEPARTMENT</u>			
Operating expenses	12,500	3,500	3,868
Total fire department	<u>12,500</u>	<u>3,500</u>	<u>3,868</u>
Total all departments	<u>\$ 1,851,000</u>	<u>\$ 1,701,300</u>	<u>\$ 1,646,735</u>

OTHER SUPPLEMENTARY
INFORMATION

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED JUNE 30, 2014

	Salaries during the year ended 06/30/14
Terry Borne, Mayor	\$ 39,600
Betty Cooper Coleman	6,600
Rhonda Lee	6,600
Rubenstein Clark	6,600
Jody Bourgeois	6,600
Clyde Wiggins	6,600
Brent Dicharry- Chief of Police	<u>21,000</u>
	<u><u>\$ 93,600</u></u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Gramercy, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Gramercy, Louisiana's basic financial statements and have issued our report thereon dated October 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Gramercy, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Gramercy, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Gramercy, Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gramercy, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. [14-01]

Town of Gramercy, Louisiana's Response to Findings

The Town of Gramercy, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Gramercy, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donaldsonville, Louisiana
October 24, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Gramercy, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Town of Gramercy, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Town of Gramercy, Louisiana's major federal programs for the year ended June 30, 2014. Town of Gramercy, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Gramercy, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Gramercy, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Gramercy, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Gramercy, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Town of Gramercy, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Gramercy, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Gramercy, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donaldsonville, Louisiana
October 24, 2014

TOWN OF GRAMERCY, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Passthrough Grantor/Program Title	Federal CFDA Number	Federal Assistance Number	Pass-through Grantor's/Project Number	Total Current Year Expenditures	Total Amount Provided
DIRECT PROGRAMS:					
Delta Regional Authority					
Delta Local Development District Assistance	90.202		DRA-5530	\$ 84,218	-
			DRA-5419	144,219	-
				<u>228,437</u>	
PASS-THROUGH PROGRAMS:					
U.S. Department of Transportation					
Louisiana Highway Safety Commission					
Highway Planning and Construction	20.205		2014-30-70-48	1,320	-
Louisiana Highway Safety Commission					
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		2014-30-70-48	2,205	
U. S. Environmental Protection Agency					
Louisiana Department of Health and Hospitals					
Capitalization Grant for Drinking Water Revolving Funds	66.468		1093002	470,987	-
U. S. Department of Housing and Urban Development					
Louisiana Division of Administration					
Community Development Block Grants	14.228			<u>122,538</u>	<u>-</u>
Totals				<u>\$ 825,487</u>	<u>\$ -</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Gramercy and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B - RELATIONSHIP TO FINANCIAL STATEMENTS

The expenditures are recognized as follows:

General Fund	\$ 3,525
Public Utility Fund	699,424
Sewer Fund	122,538
	<u>\$ 825,487</u>

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified

____ Yes X No

- Significant deficiency identified not considered to be a material weakness?

____ Yes X None reported

Noncompliance material to financial statements noted?

X Yes ____ No

Federal Awards

Internal control over financial reporting:

- Material weakness identified

____ Yes X No

- Significant deficiency identified not considered to be a material weakness?

____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

____ Yes X No

Identification of major program:

Name of Federal Program or Cluster

Federal CFDA Number

Capitalization Grant for Drinking Water Revolving Funds

66.468

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

____ Yes X No

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

None

MATERIAL WEAKNESS

None

COMPLIANCE WITH LAWS AND REGULATIONS

14-01 Louisiana Budget Law

Criteria: The budgeted revenues of the General Fund exceeded actual revenues by more than five percent.

Condition: Louisiana Revised Statute 39:1311A(1) requires that the budget be amended when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet the total budgeted revenues and other sources by five percent or more.

Effect: The negative variance of revenues of more than five percent is a violation of Louisiana Revised Statute 39:1311A(1).

Cause: The General Fund budget was not amended to reflect the excess of budgeted revenues.

Recommendation: The Town shall advise the governing authority in writing when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet the total budgeted revenues and other sources by five percent or more.

Management's Response: We concur with the finding. Budgets will be monitored closely and appropriate amendments to the budget will be made.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

TOWN OF GRAMERCY, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SIGNIFICANT DEFICIENCIES

13-01 Documentation and Design of Internal Control

Condition: Management should improve its documentation of the components of internal control (including control environment, entity's risk, information and communication systems, control activities, and monitoring). In addition, there is inadequate design of internal control over the preparation of the financial statements being audited.

Recommendation: Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered. We suggest that management identify and document its financial statement risk and set up controls to mitigate this risk.

Current Status: Management has documented the Town's policies and procedures including the internal controls. Also, management intends to continue to use the external auditors' to assist in preparation of the financial statements. All information will be reviewed in detail and approved. Town management will accept responsibility for the financial statement and its disclosures and content.

13-02 Controls over Gasoline Credit Cards

Condition: Management should ensure there are adequate controls over fuel credit card purchases.

Recommendation: We suggest that management implement procedures to strengthen controls that are in place to safeguard the purchase of fuel using the Town's fuel credit cards.

Current Status: Management has implemented new controls over fuel credit card purchases including restrictions on the fuel credit card. Restrictions include limits on the dollar amount and number of transactions per day and per month as well as email notifications from credit card vendor regarding dollar amount limits and any declined notifications.

MATERIAL WEAKNESS

None

COMPLIANCE WITH LAWS AND REGULATIONS

None

STATISTICAL DATA

TOWN OF GRAMERCY, LOUISIANA
INSURANCE-IN-FORCE
JUNE 30, 2014
(Without Audit)

<u>Type of Coverage</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Automobile liability	Risk Management, Inc.	May 1, 2015	\$500,000
General liability	Risk Management, Inc..	May 1, 2015	\$500,000
Law enforcement liability	Risk Management, Inc.	May 1, 2015	\$500,000
Errors and omissions liability	Risk Management, Inc.	May 1, 2015	\$500,000
Workers' compensation	Louisiana Workers' Compensation Company	May 1, 2015	Statutory
Position fidelity schedule bond	Fidelity and Deposit Company of Maryland	October 1, 2014	\$50,000
Employment practices liability	Risk Management, Inc.	May 1, 2015	\$500,000
Commercial property	Republic Property	May 1, 2015	Various limits

TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
JUNE 30, 2014
(Without Audit)

Page 1 of 2

Statistics on System Operations

- (a) As of June 30, 2014 the number of metered customers was 1,402 for the water system and 1,336 for the sewer system. There were no unmetered customers for either the water or sewer systems at June 30, 2014.
- (b) The following rate schedules were in effect during the fiscal year ended June 30, 2014 for water and sewer services:

1. Water:

Residential

First 2,000 gallons or less	\$ 12.50 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.50

Unincorporated Residential

First 2,000 gallons or less	\$ 15.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.50

Small Business

First 2,000 gallons or less	\$ 17.00 / 1,000 gallons
2,001 to 10,000 gallons	2.75
10,001 or more	2.75

Large commercial and Industrial customers

Flat rate	\$ 3.50/1,000 gallons
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Unincorporated Industrial

Monthly availability charge	\$ 100.00
Usage rate	3.50/1,000 gallons

TOWN OF GRAMERCY, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
JUNE 30, 2014
(Without Audit)

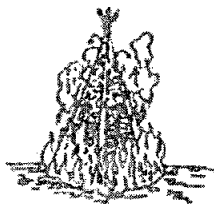
Page 2 of 2

Statistics on System Operations (continued)

2. Sewer	<u>Rate per gallons of sewerage flow</u>
Residential customers and small commercial customers	\$15.00/month + \$0.75 / 1,000 gallons
Large commercial customers	\$40.00/month + \$0.75 / 1,000 gallons
Industrial customers	Monthly base rates ranging from \$50 to \$750 (based on sewerage flow and the biochemical oxygen demand of the waste) plus \$0.21/1,000 gallons of sewerage flow plus \$0.060/pound of waste

(c) Average monthly billing per residential customer during the year ended June 30, 2014:

1. Water	\$ <u>26.10</u>
2. Sewer	\$ <u>19.84</u>



Town of Gramercy

"THE BEST LITTLE TOWN FOR MILES AROUND."

120 North Montz Street

P. O. Drawer 340

Gramercy, Louisiana 70052

Phone 225-869-4403 • FAX 225-869-4195



Aldermen

Betty Cooper-Coleman
District 1

Jody Bourgeois
District 2

Rhonda Lee
District 3

Claude "Clyde" Wiggins
At Large

Rubenstein Mitchell-Clark
At Large

Lydia Z. Louque
Town Clerk

Robert Faucheux, Jr.
Town Attorney

Terry J. Borne
Mayor

Brent Dicharry
Police Chief

CORRECTIVE ACTION PLAN

October 24, 2014

Louisiana Legislative Auditor

The Town of Gramercy respectfully submits the following corrective action plan for the year ended June 30, 2014.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: July 1, 2013 – June 30, 2014

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

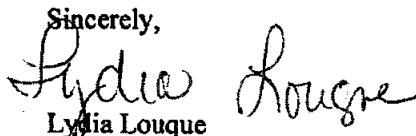
14-01 LOUISIANA BUDGET LAW

Recommendation: The Town shall advise the governing authority in writing when total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet the total budgeted revenues and other sources by five percent or more.

Action Taken: Budgets will be monitored closely and appropriate amendments to the budget will be made.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Lydia Louque at (225) 869-4403.

Sincerely,



Lydia Louque
Town Clerk